

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-11
/167 W

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P 261839Z MAY 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0164

C O N F I D E N T I A L GENEVA 08148

USMTN

PASS COMMERCE FOR INFO
PASS STR FOR INFO
STR PASS CODEL

E.O. 11652: GDS
TAGS; ETRD, MTN
SUBJECT: ISAC 11 (FERROUS METALS). MEETING WITH MTN
DELEGATION, MAY 22-23

REF: GENEVA 8084

1. ISAC 11 (FERROUS METALS) MET ON MAY 22-23 WITH AMB.
MCDONALD AND MTN DELEGATION STAFF IN MEETINGS WHICH PRO-
CEEDED GENERALLY AS DESCRIBED IN REFTEL. HOWEVER, THERE
WAS NO SECTOR OBJECTIVES PAPER FOR ISAC 11. THE ISAC WAS
REPRESENTED BY CHAIRMAN W. SANDSTON OF ARMCO STEEL; E.
FLORKOSKI OF THE AMERICAN IRON AND STEEL INSTITUTE; D.
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HAWLEY OF INLAND STEEL; A. MONNETT OF U.S. STEEL AND
GEORGE WATSON OF THE FERROALLOYS ASSOCIATION.

2. IN THEIR MEETINGS, ISAC 11 MEMBERS STATED THAT THEY
WERE DISMAYED BY THE EXTENT OF U.S. TARIFF OFFERS ON
STEEL PRODUCTS IN LIGHT OF THEIR SERIOUS UNCERTAINTY
ABOUT THE DIRECTION OF NEGOTIATIONS ON AN INTERNATIONAL

STEEL ARRANGEMENT. AMB. MCDONALD EXPRESSED SURPRISE AT ISAC STRONG DISAPPROVAL OF DRAFT STEEL RESOLUTION, GIVEN THE MAJOR USG POLICY COMMITMENT TO SEEK AN INTERNATIONAL SOLUTION ON STEEL, AND THE DIFFICULTIES SUCH AN ARRANGEMENT WOULD CAUSE FOR OUR TRADING PARTNERS AND PROBLEMS IT WOULD CAUSE WITH U.S. INDUSTRIES. THE AMBASSADOR STRESSED THE NEED FOR THE USG TO ACHIEVE A BALANCE IN THE MTN ON AN OVERALL BASIS, AND NOT ONLY IN THE STEEL SECTOR.

3. MEMBERS REITERATED THE ISAC POSITION ON TARIFF CUTS AND DRAFT STEEL RESOLUTION AS EXPRESSED IN MAY 17 LETTER TO HEIMLICH. BASIC ISAC POSITION ON TRADE NEGOTIATIONS WAS STATED AS BEING UNCHANGED FROM THAT IN ISAR (I.E., SECTORAL NEGOTIATIONS, SPECIAL SAFEGUARDS, TARIFF EQUALIZATION, ETC.). MEMBERS ALSO EXPRESSED APPREHENSION ABOUT FUTURE SUPPLIER ROLE OF LDC'S. PRESENT USG RESPONSE TO TRADE DIFFICULTIES OF STEEL INDUSTRY, INCLUDING TPM AND DRAFT RESOLUTION, WAS DESCRIBED AS TOTALLY INADEQUATE. MEMBERS ASSERTED THAT IF ISAC OBJECTIVES ARE NOT MET, THEN INDUSTRY WILL HAVE TO OPPOSE ENTIRE MTN PACKAGE. AMB. MCDONALD REPLIED THAT ISAC DEMANDS ARE NOT REALISTICALLY NEGOTIABLE IN MTN, AND EXPRESSED SURPRISE AT LACK OF POSITIVE ISAC ATTITUDE TOWARD USG EFFORT TOWARD INTERNATIONAL SOLUTION.

4. ISAC EXPRESSED THEIR APPRECIATION TO AMB. MCDONALD
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FOR HIS TIME AND THAT OF MTN DELEGATION STAFF.

5. DRAFTED BY KALLEMAN/MBMILLER. MCDONALD

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NNN

Message Attributes

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